

NOTE 11 – LEASES**Capital Leases**

King County has entered into agreements to purchase buildings, machinery, and equipment through capital lease and installment purchase agreements. Assets acquired and liabilities incurred through such agreements for governmental funds are accounted for under Governmental Activities. Such assets and liabilities related to proprietary type funds are accounted for within the proprietary funds (Business-type Activities).

The following is a schedule of capital assets and outstanding liabilities relating to capital lease agreements and installment purchase contracts as of December 31, 2006 (in thousands):

	Capital Assets		Capital Leases Payable	
	Governmental Activities	Business-type Activities	Governmental Activities	Business-type Activities
Land	\$ 21,788	\$ -	\$ -	\$ -
Building	124,927	-	136,285	-
Leasehold improvements	-	4,881	-	3,611
Less depreciation	(20,315)	(762)	-	-
Subtotal	104,612	4,119	136,285	3,611
Machinery and equipment	449	-	160	-
Less depreciation	(156)	-	-	-
Subtotal	293	-	160	-
Totals	\$ 126,693	\$ 4,119	\$ 136,445	\$ 3,611

The following is a schedule, by year, of future minimum lease payments under capital lease and installment purchase agreements together with the present value of the net minimum lease payments as of December 31, 2006 (in thousands):

	Governmental Activities	Business-type Activities
2007	\$ 10,700	\$ 255
2008	10,637	255
2009	10,585	255
2010	10,587	255
2011	10,587	255
2012-2016	52,928	1,275
2017-2021	51,973	1,275
2022-2026	48,819	1,275
2027-2031	21,937	1,169
Total minimum lease payments	228,753	6,269
Less: Amount representing interest	(92,308)	(2,658)
Present value of net minimum lease payments	\$ 136,445	\$ 3,611

NOTE 11 – CONTINUED**Operating Leases**

The County has numerous operating lease commitments for office space, equipment, radio towers, and railroad tracks. The Information and Telecommunications Services Fund leases computer hardware; these leases include maintenance agreements. Expenditures for the year ended December 31, 2006, for operating lease and rental agreements for office space, equipment, and other operating leases amount to \$31.8 million. The patterns of future lease payment requirements are systematic and rational. Future minimum lease payments for these leases are as follows (in thousands):

<u>Year</u>	<u>Office Space</u>	<u>Equipment</u>	<u>Other</u>	<u>Total</u>
2007	\$ 10,045	\$ 131	\$ 702	\$ 10,878
2008	5,903	99	560	6,562
2009	5,099	97	491	5,687
2010	4,177	34	412	4,623
2011	2,892	-	398	3,290
2012-2016	7,354	-	1,529	8,883
2017-2021	1,748	-	1,666	3,414
2022-2026	1,224	-	1,819	3,043
2027-2031	1,220	-	1,798	3,018
2032-2036	413	-	1,967	2,380
2037-2041	-	-	2,172	2,172
2042-2046	-	-	2,397	2,397
2047-2051	-	-	2,647	2,647
2052-2053	-	-	989	989

The County currently leases some of its property to various tenants under long-term, renewable, and noncancelable contracts. Under business-type activities, the King County Airport Enterprise leases out most of the buildings and grounds in the King County International Airport/Boeing Field complex to individuals, companies, and government agencies in the aviation industry.

The following schedule is an analysis of the County's investment in property under long-term, noncancelable operating leases as of December 31, 2006 (in thousands):

	<u>Governmental</u>	<u>Business-type Activities</u>	
	<u>Activities</u>	<u>Airport</u>	<u>Other</u>
Land	\$ 141	\$ 14,231	\$ -
Buildings	1,681	50,084	702
Less depreciation	(596)	(27,131)	(71)
Total cost of property under lease	<u>\$ 1,226</u>	<u>\$ 37,184</u>	<u>\$ 631</u>

NOTE 11 – CONTINUED

The following is a schedule of minimum future lease receipts on noncancelable operating leases based on contract amounts and terms as of December 31, 2006 (in thousands):

Year	Governmental		Business-type Activities		Total
	Activities		Airport	Other	
2007	\$ 2,445	\$	5,451	\$ 495	\$ 8,391
2008	2,142		5,113	307	7,562
2009	2,079		4,913	139	7,131
2010	1,579		4,904	26	6,509
2011	1,411		4,904	6	6,321
2012-2016	3,968		22,322	-	26,290
2017-2021	3,841		22,091	-	25,932
2022-2026	3,602		10,422	-	14,024
2027-2031	3,334		4,677	-	8,011
2032-2036	120		2,902	-	3,022